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CONFIDENTIAL AND INADMISSIBLE
SETTLEMENT COMMUNICATION

DELIVERY VIA FAX AND REGULAR MAIL

November 19, 1999

Michael J. O'Callaghan
Shumaker, Loop & Kendrick
41 S. High St., Suite 2210
Columbus, Ohio 43215

Re: Skinner Landfill---Aeronca, Inc.

Dear Michael:

I am writing on behalf of Aeronca, Inc., in response to your letters of September 20, 1999, and October 21, 1999. The second letter sets forth a settlement demand of, in effect, \$486,380 to resolve Aeronca's liability to the Work Group. We appreciate the reduction from the previous demand of \$592,644, but conclude that the present demand is still far too high.

Aeronca offers to pay \$100,000 in full satisfaction of its liability to the Work Group. This amount is offered on the condition that Aeronca is protected through statutory contribution protection or Work Group indemnity from additional claims for contribution, and is contingent on USEPA agreeing to waive any demand against Aeronca to contribute to its past costs. The amount offered is based upon the following analysis.

The Work Group's past costs, according to your letter of September 20, 1999, are \$2,038,559. The current estimate of future costs is \$10.5 million (per paragraph 60 of the draft consent decree). Of that amount, USEPA has agreed to pay \$2.6 million as an orphan share contribution. Also, the group has agreed to pay USEPA \$517,602, a portion of USEPA's past costs. Thus, the group's outlay will be \$2.04 million plus \$10.5 million less \$2.6 million plus \$0.52 million, equaling \$10.46 million. Your latest proposal would have Aeronca pay 4.65% of that amount, (i.e., \$486,380 as a percentage of \$10.46 million). That percentage is too high.

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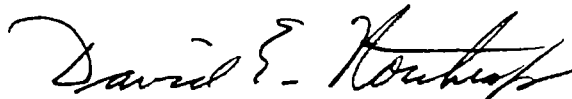
The Allocation Report assigned to Aeronca a waste-in volume of 0.704%, consisting of non-toxic spent potassium permanganate solution. Adjustment of that volume to reflect the large orphan share identified in the Allocation Report produces a waste-in percentage for Aeronca of 2.134%. Thus, as a starting point---on volume only---Aeronca's allocated share of the Work Group's cost is \$223,216. A further deduction should be made, however, to reflect Aeronca's past payments to the group that performed the interim remedial measures in the amount of \$47,000, yielding \$176,216.

Further reduction of that figure is appropriate to reflect the Gore factor of toxicity. As I noted in prior correspondence, there is no reason to believe that spent potassium permanganate contributed in any way to hazards posed by the site. Indeed, the contrary may be true. Attached is an analysis performed for Aeronca by William J. Deutsch of Woodward-Clyde Consultants. Mr. Deutsch reviewed the Remedial Investigation, Baseline Risk Assessment, and Feasibility Study, and concluded that potassium permanganate would tend to lessen, rather than add to, the amount of manganese compounds in ground water by creating conditions in which manganese will leach from soil to ground water at a reduced rate. He concluded that potassium permanganate did not contribute the levels of manganese in ground water at the site, and that, in any event, manganese does not contribute significantly to the calculated future risk posed by the site.

Given these facts, Aeronca should not be assigned an allocated share of response costs based solely on relative volumes of waste disposed at the landfill. Rather, a further reduction reflecting the lack of toxicity of the waste, and lack of contribution to site risks, is appropriate, and dictated by the Gore factors that will be applied by the District Court. Accordingly, I propose that the amount of \$176,216---based on volume only---be further reduced to \$100,000.

Please contact me after your consideration of the above.

Yours truly,



David E. Northrop
Attorney for Aeronca, Inc.

Cc: David Caudill
Sherry Estes (USEPA)